

**MARKET NEWS**

NOVEMBER 17, 2011 / 5:38 AM / 8 YEARS AGO

## UPDATE 4-Lithuania insists banks safe after Snoras takeover



- \* Lithuania PM says banking system safe
- \* Govt nationalises Bank Snoras
- \* Prosecutors probe alleged embezzlement, fraud
- \* Baltic state's CDSs rise to highest level since Nov 2000
- \* Latvia imposes restrictions on Snoras subsidiary

By Nerijus Adomaitis

VILNIUS, Nov 17 (Reuters) - Lithuania's prime minister insisted on Thursday the country's banking system was safe after the surprise takeover of its third-largest deposit taker, Bank Snoras, but the fallout spread to neighboring Latvia.

Lithuania took control of Snoras — the country's fifth largest bank by assets — at the request of the central bank, which said it found a 1 billion litas (\$392 million) hole in the bank's assets, and prosecutors said they opened a probe.

In neighboring Latvia, banking authorities slapped restrictions on taking deposits out of Snoras' local subsidiary Krajbanka.

"It is the problem of one bank... Any information that other banks could have problems are rumours," Lithuanian Prime Minister Andrius Kubilius said in a radio interview, referring to Snoras.

Shares in financial companies slid and the cost of insuring Lithuania's debt against default rose to its highest level in two years.

The central bank has eased restrictions on cash withdrawals and online transfers from Snoras accounts up to 500 Lithuanian litas per day.

Other operations have been put on hold until Monday, and the central bank's board plans to decide on restrictions on Sunday after hearing the report from Snoras' administrator.

Simon Freakley, a senior partner at Zolfo Cooper, appointed by the central bank as temporary administrator of Snoras, said his team was looking into the money trail.

"The bank does have liquidity, but we are trying to establish how much," Freakley told reporters. He declined to say how much was missing or where the money had gone.

Latvian FKTK bank supervisor said it set a limit for withdrawals from Krajbanka at 100,000 euros per month per client.

Krajbanka is more than 90 percent owned by Snoras, which is 68 percent owned by Russian businessman Vladimir Antonov.

The Lithuanian central bank said its inspectors at Snoras could not find securities reported as assets, and it had to act quickly after noticing a decline in the bank's deposits.

Vitas Vasiliauskas, the governor of the central bank, told lawmakers Snoras' reserves at the central bank fell to 44 million litas on Wednesday from 250 million litas on Tuesday.

Analysts noted it was highly unusual for the government to take over a bank in the middle of the week, forcing them to stop the bank's operations. Usually such operations are conducted over weekends.

The prosecutors' office said in a statement it was opening an investigation into alleged embezzlement and fraudulent book-keeping and wanted to speak with Antonov and his Lithuanian business partner, Raimondas Baranauskas.

Baranauskas, who owned 25.3 percent of Snoras, called the takeover "robbery," and denied the bank was insolvent.

## SHARES DOWN

The parliament on Thursday approved amendments needed to restructure Snoras and to move good assets and insured deposits to a state-owned bank yet to be established.

Finance Minister Ingrida Simonyte told parliament she expected the restructuring to take about a month.

Ratings agency Fitch said it had placed Snoras Bank's long-term Issuer Default of B+ on Ratings Watch Negative.

"The RWN on the ratings reflects the material risk that the bank's creditors, apart from insured depositors, will suffer losses, or considerable repayment delays, as a result of the bank's restructuring," the agency added in a statement.

Shares in locally owned bank Ukio fell 13 percent and Sialiu Bank, in which the European Bank for Reconstruction and Development (EBRD) has a near 20 percent stake, was down 5 percent.

The Lithuanian benchmark stock index fell 2.5 percent and shares in investment company Invalda — which said it had a deposit certificate at Snoras amounting to 4.1 percent of its assets — dropped 4.7 percent.

Jekaterina Rojaka, an economist at DNB bank in Vilnius, said the situation was “not as bad as it was expected,” while the banking system functioned normally.

She said the government had enough money to cover 4 billion litas’ worth deposits of individuals at Snoras, but that would increase borrowing needs for the next year.

Lithuania recently raised \$750 million in international markets, tapping a 10-year eurobond, but will need to refinance a billion euro eurobond in May 2012.

The cost of insuring Lithuania’s debt against default, however, rose to 350 basis points , the highest since Nov. 2009, according to Markit.

It was the first major Baltic bank crisis since Latvia rescued a top bank in 2008, forcing it to seek a 7.5 billion euro bailout.

Both Lithuania’s and Latvia’s banking systems are dominated by Nordic banks SEB , Swedbank , Nordea and DnB NOR .

They suffered heavy losses during the downturn in 2008-2009 because of bad loans in the Baltic states.

*Our Standards: The Thomson Reuters Trust Principles.*

**MORE FROM REUTERS**



PAID PROMOTIONAL LINKS Promoted by **Dianomi**

## This Industry Could Create The World's First Trillionaire

The Motley Fool



## How Americans can Invest in Startups with Just \$50

Money Map Press



## Keep More of Your Capital Gains

Cadre



## The Highest Paying Cash Back Card Has Hit The Market

WiseBread.com



## What Your Net Worth Says About Your Retirement:

Free Guide

Fisher

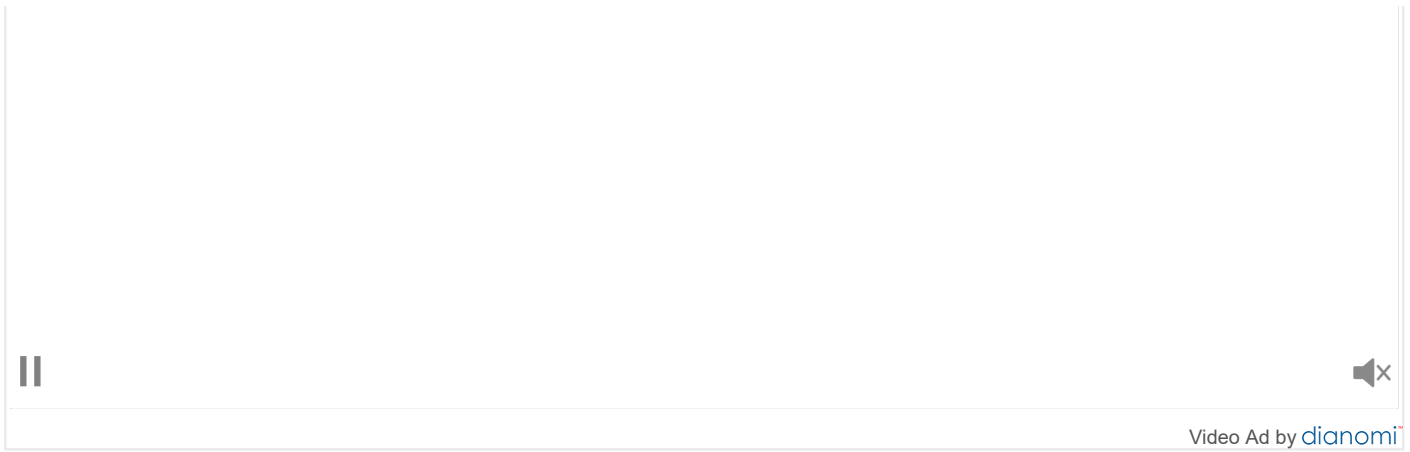
Investments

Sponsored Video by

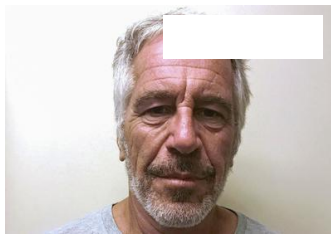


**Earn 125K bonus points and 4X points everywhere else for 12 months**

**Find out more**

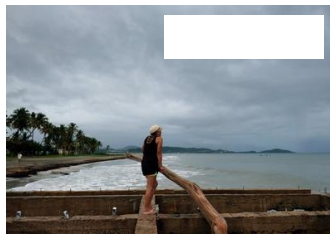


## MORE FROM REUTERS



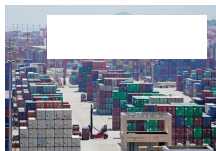
FBI studies two broken cameras outside cell where Epstein died: source

29 Aug



Dorian forecast to grow to highly dangerous Category 4 hurricane

29 Aug



Retailers howl as U.S. trade agency locks in 15% tariffs on...

29 Aug



Drone disruption? Climate activists to target London's Heathrow...

29 Aug



U.S. driver Jessi Combs killed in bid to break land-speed record

28 Aug

PAID PROMOTIONAL LINKS Promoted by **Dianomi**

Hottest Penny Stocks - Best Stocks To Invest in 2019

Sponsored by Business

Motley Fool Issues Rare "All In" Buy Alert

Sponsored by The Motley Fool

Infoline Retirement Guru Shows How He Turned \$4,600 to \$460,164 Trading Options

Sponsored by TradeWins

What Are Opportunity Zones?

Sponsored by Cadre

2019's Best Credit Cards - Deals That Outshine The Rest

Sponsored by NerdWallet

Frequent business traveler? Learn about the "best travel tech" for you







What is the best way for investors to leverage a gold run?

Sponsored by Maverix Metals



Compare 2019 Online Brokers- Pros, Cons & Current Offers

Sponsored by NerdWallet



Volatility Warrants Caution in U.S. High Yield

Sponsored by Janus Henderson



Want to turn your career into your calling? Get the skills to succeed.

Sponsored by HBS Executive Education



13 Retirement Blunders to Avoid for Investors with \$500,000+

Sponsored by Fisher Investments

## MORE FROM REUTERS



Hikvision, a surveillance powerhouse, walks U.S.-China tightrope

29 Aug



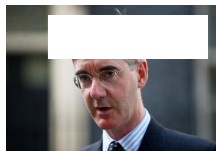
Apple's data shows a deepening dependence on China as Trump's...

28 Aug



Exclusive:  
Falwell steered  
Liberty  
University land  
deal benefiting...

28 Aug



Britain's Labour  
vows to use  
parliament to  
thwart no-deal  
Brexit

29 Aug



Surge in young  
Republicans  
worried about  
the  
environment:  
survey

29 Aug

---

[Apps](#) [Newsletters](#) [Advertise with Us](#) [Advertising Guidelines](#) [Cookies](#) [Terms of Use](#) [Privacy](#)



All quotes delayed a minimum of 15 minutes. See [here](#) for a complete list of exchanges and delays.

